

# **FISCAL NOTE**

## **HB 2175 - SB 2641**

March 17, 2004

**SUMMARY OF BILL:** Repeals the Workers' Compensation Law. Liability for workplace injuries would be determined under common law tort principles.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$41,365,661**

**Increase State Expenditures - Exceeds \$18,000,000/State Group  
Health Insurance Program  
Exceeds \$100,000 / TennCare**

**Increase Federal Expenditures - Exceeds \$200,000 / TennCare**

**Decrease State Expenditures:**

**Claims Award Fund - Net Impact - \$21,324,495/**

**Department of Labor and Workforce Development - Exceeds \$6,674,000**

**Decrease Local Govt. Expenditures - Exceeds \$20,000,000**

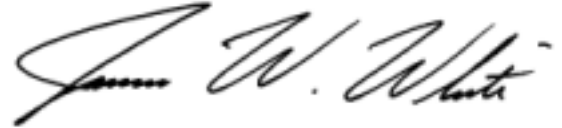
Estimate assumes:

- a savings from workers' compensation claims to the Claims Award Fund from claims filed and paid. In FY 02/03 the state received 3,969 new claims and paid out a total of \$21,024,495. The average claim payment was \$5,297.
- expenditures would shift to the State's Group Health Insurance Program.
- the amount of decrease in expenditures to Local Governments cannot be determined, but is estimated to exceed \$20,000,000.
- a decrease in expenditures of \$6,674,000 to the Department of Labor and Workforce Development from the elimination of 116 positions.
- decreased revenues from taxes collected from workers' compensation insurance in the licensed voluntary market as well as self-insured groups and self-insured employers. Actual 2003 premium tax numbers are as follows: workers' compensation surcharge \$3,223,041; workers' compensation voluntary market \$25,786,200; workers' compensation self-insured \$12,356,400.
- unclear whether the state employees would be entitled to file claims under the governmental tort liability act. If such negligence claims are

allowed, the state would be liable for damages up to the sum of \$300,000 per claimant and \$1,000,000 per occurrence.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a more compact, stylized manner.

James W. White, Executive Director